

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4507-05  
Bill No.: SCS for SB 451  
Subject: Education, Elementary and Secondary; Elementary and Secondary Education Department; Boards, Commissions, Committees, Councils; Economic Development Department; Revenue Department; Tax Credits; Treasurer, State; General Assembly; St Louis; Teachers; Retirement - Schools  
Type: Original  
Date: April 2, 2012

---

Bill Summary: This proposal modifies provisions relating to school operations.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
General Revenue	(Unknown - Could exceed \$84,922,388)	(Unknown - Could exceed \$107,842,187)	(Unknown - Could exceed \$60,776)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown - Could exceed \$84,922,388)</b>	<b>(Unknown - Could exceed \$107,842,187)</b>	<b>(Unknown - Could exceed \$60,776)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 17 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	2 FTE	2 FTE	2 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>2 FTE</b>	<b>2 FTE</b>	<b>2 FTE</b>

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Local Government</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Department of Insurance, Financial Institutions and Professional Registration, Department of Social Services - Children's Division, Department of Public Safety - Missouri State Highway Patrol, Missouri House of Representatives, and the State Tax Commission** state there would be no fiscal impact to their respective agencies.

Officials from the **Missouri Senate** state this proposal either has no fiscal impact as it relates to their agency or minimal costs which can be absorbed by present appropriations.

Officials from the **Joint Committee on Administrative Rules (JCAR)** stated this proposed legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assume the proposed legislation should not result in additional costs or savings to BAP. BAP defers to DESE on the fiscal impact of all the education sections in this bill.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

### **§135.712 - 135.719 - PASSPORT SCHOLARSHIP PROGRAM**

Officials from the **Department of Elementary and Secondary Education (DESE)** stated that these sections appear to enact a tax subsidy which in any one fiscal year shall not exceed \$40 million dollars. Tax subsidies reduce the state's tax revenues and decrease the amount of money available for public schools and all public school students.

**BAP** estimates §135.713.3 would result in an annual fiscal impact of up to \$40 million, with

ASSUMPTION (continued)

allowances to adjust annually based on the Consumer Price Index, for tax credits granted as a result of contributions to a qualified educational assistance organization. This proposal could therefore lower general and total state revenues by that amount.

§135.716.5 allows the Department of Economic Development to charge an administrative fee of up to 2% of the qualifying contributions received or the costs incurred for administering the program, whichever is less. This will result in an increase to total state revenue.

Officials from the **Department of Economic Development (DED)** assumed DED is established as the administrator of the Passport Scholarship Program. DED assumes a negative fiscal impact in excess of \$100,000. DED would require one additional FTE to administer the program due to the anticipated amount of administration involved. The FTE would be an Economic Development Incentive Specialist III and would be responsible for reviewing and approving the applications for the program to determine eligibility, establishing procedures, reviewing the tax credit applications to make sure they meet the criteria of the program, drafting and sending the tax credit awards, and ensuring compliance with the program.

**Oversight** assumes that donations of \$66,666,667 could be accepted to equal \$40 million in credits. DED is entitled to charge and receive no more than two percent of the qualifying contributions received by any educational assistance organization (\$1,333,333) for the department's marketing and expenses or the costs incurred in administering the program, whichever is less.

Officials from the **Department of Revenue - Division of Taxation (DOR)** estimated the following fiscal impact to DOR resulting from §135.713 of this proposed legislation:

Personal Tax:

The proposal creates a tax credit that can be carried forward for four years, sold, transferred, or assigned. DOR would need one (1) Revenue Processing Technician per 6,000 credits claimed.

Corporate Tax:

The proposal creates a new tax credit to be applied to chapter 143 and 147 taxes. DOR would need one Revenue Processing Technician I (Range 10 Step L) per 6,000 additional tax credit redemptions. DOR would also need CARES equipment and license.

**Oversight** assumes DOR could administer the provisions of this proposal with existing resources

LMD:LR:OD

ASSUMPTION (continued)

or request additional staff through the budget process if the volume of tax credits warrants.

DOR also assumes this proposal would reduce state revenues.

§135.717

Officials from the **Joint Committee on Education (JCE)** state there will be no additional costs to the JCE resulting from this proposed legislation.

§160.402 - CHARTER SCHOOLS

§160.402.1

Officials from **DESE** assume that there should be no cost to the state as long as the charter schools are operated under contract with another accredited school or cooperative of accredited schools and the students served are counted as members of the unaccredited school districts. If the students are counted in the sponsoring district the state could potentially incur either costs or savings that cannot be calculated at this time.

§160.402.2, 3 & 4

**DESE** assumes this section of the proposal allows the expansion of charter schools to any school district in which a portion of the territory of a metropolitan school district or urban school district containing most of a city with a population greater than three hundred fifty thousand inhabitants is attached or annexed in the manner provided in this subsection. This proposed legislation has the potential of significantly increasing the number of charter schools. DESE requires 1.0 FTE supervisor to work with the new charters providing technical assistance for data collection, certification, fiscal management, special education, food service, assessment, and federal programs to these new charter schools to meet state and federal guidelines. A complicating factor is the high turnover of existing charter schools at the administrative level of existing charter schools.

This proposal also allows the expansion of charter schools to any school district classified as unaccredited or provisionally accredited by the state board of education. This section also has the potential of significantly increasing the number of charter schools.

For fiscal note purposes only, **Oversight** as adjusted the salary for the supervisor to match that of recent job postings for a similar position.

LMD:LR:OD

ASSUMPTION (continued)

**§162.081 - LAPSE OF A SCHOOL DISTRICT**

According to **DESE**, the fiscal impact on the state will ultimately be determined by the number of districts in need of this oversight and cannot be estimated at this time.

**§163.021 - RECEIPT OF STATE SCHOOL AID**

**DESE** does not believe that significant additional expense would be incurred to calculate the amount of this payment.

Officials from the **Office of State Treasurer (STO)** assume their agency would need one FTE per unaccredited school district.

**Oversight** assumes that if any additional duties required by this proposed legislation resulted in the need for additional personnel for STO, a request can be made through the appropriation process.

**§163.036.1 - WEIGHTED AVERAGE DAILY ATTENDANCE**

**DESE** assumes this section of the proposal could result in a savings to the state depending upon how many students received a passport scholarship. It is impossible to calculate due to lack information as to what the number would be. Savings would be realized per student for a maximum of two years.

**§167.131 and 167.133 - STUDENT TRANSFERS FROM AN UNACCREDITED DISTRICT**

**§167.131**

Currently, **DESE** does not accredit individual buildings. This requirement would increase the cost of transportation significantly. Additionally, it will have a financial impact on individual school districts in terms of handling those transfers and expenditures of funds. The proposal may have a fiscal cost in terms of the collection of data or the need to have a stronger presence of the SSOS. Systemic changes are needed at the district level to make and sustain such improvements in any case.

**§167.133.2**

**DESE** assumes those students identified in this section would still be accountable for federal

ASSUMPTION (continued)

purposes. It would be impossible to determine if these students are performing better in the receiving district if the data is not included. Additionally, it would appear likely that if a student left the unaccredited district after third grade, the receiving district would not be held accountable for the remainder of the time the student is in elementary or middle school.

§167.133.8

DESE assumes no fiscal impact on the state; however, there could be significant costs associated with the transfer of responsibility for students with IEP's from the sending to the receiving districts.

**§167.403 - PROCEDURES WHEN A DISTRICT BECOMES UNACCREDITED**

Officials from the **Joint Committee on Public Employee Retirement (JCP)** state that their review of this proposed legislation indicates that provisions associated with the Public School Retirement System of the City of Kansas City would indicate a “substantial proposed change” in future plan benefits as defined in §105.660(10) due to the results of the actuarial cost statement supplied by the system. Such cost statement indicates “the plan would become insolvent in less than 30 years” under the provisions of this legislation with certain assumptions being made.

Officials from the **Public School Retirement System of Missouri (PSRS/PEERS)** assume this proposed legislation has no fiscal or operation impact on PSRS or PEERS.

Officials from the **Kansas City Public School Retirement System (KCPSRS)** state the short term fiscal impact would be modest. However, the actuarially required contribution as a percentage of active payroll would increase sharply (\$11.3 million in the first year) because of the reduced active payroll over which to pay current underfunding. In the long run, this proposed legislation would have a severe negative impact on the Plan's funded status.

KCPSRS assumptions were based on the following:

- The entire school district, including charter schools, would be contracted out to neighboring districts;
- No new hires that the school district or charter schools would enter KCPSRS;
- Library and retirement system staff, including new hires, would continue to participate in KCPSRS; and,
- Existing staff at the school district would be replaced, however existing staff at charter schools would be retained.

LMD:LR:OD

ASSUMPTION (continued)

§167.403.1

**DESE** assumes there is a potentially significant fiscal impact due to this provision. Currently the Kansas City School District (KCSD) receives \$4,059 per Weighed Average Daily Attendance (WADA) because they are in a hold-harmless district. If these students shifted to formula districts, in FY13 the call per WADA would be \$6,949 per WADA and in FY14 it would be \$7,266 per WADA. The increase is due to two reasons: (1) the adequacy target will increase in both years; (2) Center is the only hold harmless district that adjoins the KCSD and in FY13 Center would go on the formula if they picked up 151 additional WADA. In FY14 Center would go on the formula after they pick up only two students. If all the district was annexed to adjacent districts, the potential cost could be in FY13 \$84,870,195 and in FY14 increase to \$107,782,034 due to the increase of the state adequacy target that goes into effect that fiscal year.

§167.403.2

**DESE** assumes this provision does not carry a cost to the state.

§167.403.4

**DESE** assumes there could be costs depending upon whether new actuarial studies were required to document the impact. These costs would be the responsibility of the retirement system which would need to provide estimates of cost. It appears the department's role would be informational; therefore, little if any cost would be place upon DESE.

**§167.406 - CLEARINGHOUSE**

**DESE** states that it is not possible to accurately predict the clearinghouse costs because all parameters have not been set. Based upon defined duties contained within this proposed statute the costs would easily exceed \$100,000.

For fiscal note purposes only, since potential costs are not yet determined, **Oversight** will show no fiscal impact for this section.

**§177.088 & 177.250 - ADJUSTMENT OF FUNDS AND SHARING OF SERVICES AND INCREASING EFFICIENCIES ACT**

**DESE** assumes these sections could result in possible savings to local school districts.



ASSUMPTION (continued)

Officials from the **University of Central Missouri (UCM)** (Charter School Sponsor), the potential fiscal impact of this proposal is difficult to quantify due to the unknown number of students who may transfer from unaccredited districts to other districts.

Officials from the **University of Missouri System** (Charter School Sponsor) state this proposal has on financial impact on the University System.

Officials from the **St Joseph School District** assume this proposal would have a negative impact on state revenues available to fund K-12 education at a time when the formula is not being fully funded to the “adequate” level.

Officials from the **Mexico School District** were unable to determine a fiscal impact at this time.

Officials from the **Morgan County School District** assume this proposal would have a negative impact on public school funding.

**This proposed legislation was sent to the following school districts, none of which responded to a request for fiscal impact: Blue Springs, Branson, Columbia, Fair Grove, Francis Howell, Independence, Jefferson City, Kirksville, Lee’s Summit, Mexico, Nixa, Parkway, Raytown, Sedalia, Sikeston, Silex, Special School District of St Louis County, Spickard, Springfield, St Charles, St Louis City, Sullivan, Harrisonville, North Kansas City, Raytown-Peculiar, Charleston, Calhoun, Caruthersville, Kansas City, Gilliam, Hayti, Jennings, Normandy, Riverview Gardens, Malta Bend, Swedeborg, St Louis City,**

**This proposal was also sent to the following charter school sponsors who did not respond to a request for fiscal impact: Kansas City Metropolitan Community College, Lindenwood University, Missouri Baptist University, Southeast Missouri University, St Louis School District, Washington University.**

**This proposal will reduce total state revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2013	FY 2014	FY 2015
<b>GENERAL REVENUE</b>			
<u>Savings</u> - Education costs the state would not pay to local school districts for students receiving scholarships provided in this proposal (§135.712 - 135.716)	\$0 to \$40,000,000	\$0 to \$40,000,000	\$0 to \$40,000,000
<u>Savings</u> - Up to 2% of contributions may be used to offset expenses incurred by DED (§135.716.5)	\$0 or \$160,447	\$0 or 165,917	\$0 or \$166,634
<u>Cost</u> - Department of Economic Development (DED)			
Personal Costs (1 FTE)	(\$33,510)	(\$40,614)	(\$41,020)
Fringe Benefits	(\$17,740)	(\$21,501)	(\$21,716)
Expense and Equipment	(\$9,197)	(\$3,802)	(\$3,898)
Marketing and Administration	<u>(\$100,000)</u>	<u>(\$100,000)</u>	<u>(\$100,000)</u>
Total Costs - DED (§135.712 - 135.716)	(\$160,447)	(\$165,917)	(\$166,634)
<u>Cost</u> - DESE - Charter school oversight			
Personal Costs	(\$31,640)	(\$38,348)	(\$38,731)
Fringe Benefits	(\$16,750)	(\$20,301)	(\$20,504)
Equipment and Expense	<u>(\$3,803)</u>	<u>(\$1,504)</u>	<u>(\$1,541)</u>
Total Costs - DESE (§160.402)	(\$52,193)	(\$60,153)	(\$60,776)
<u>Cost</u> - DESE - Division or annex of unaccredited district - (§167.403.1)	Up to (\$84,870,195)	Up to (\$107,782,034)	\$0
<u>Loss</u> - Tax Credits for Contributions to educational assistance organizations (§135.713)	\$0 to <u>(\$40,000,000)</u>	\$0 to <u>(\$40,000,000)</u>	\$0 to <u>(\$40,000,000)</u>

FISCAL IMPACT - State Government

FY 2013

FY 2014

FY 2015

**ESTIMATED NET EFFECT ON  
 GENERAL REVENUE**

(Unknown -  
Could exceed  
\$84,922,388)

(Unknown -  
Could exceed  
\$107,842,187)

(Unknown -  
Could exceed  
\$60,776)

ESTIMATED NET FTE IMPACT ON  
 GENERAL REVENUE

2 FTE

2 FTE

2 FTE

FISCAL IMPACT - Local Government

FY 2013  
 (10 Mo.)

FY 2014

FY 2015

**LOCAL POLITICAL SUBDIVISIONS**

Savings - School Districts - Educational  
 expenses of not educating students who  
 receive scholarships to attend other  
 schools (§135.712 - 135.716)

\$0 to Unknown

\$0 to Unknown

\$0 to Unknown

Loss - School Districts - State funding for  
 students who receive scholarships to  
 attend other schools (§135.712 - 135.716)

\$0 to  
 (\$40,000,000)

\$0 to  
 (\$40,000,000)

\$0 to  
 (\$40,000,000)

Savings/Loss - School Districts -  
 Distribution of funding due to  
 division/annexation of unaccredited  
 district (§167.403.1)

Unknown to  
(Unknown)

Unknown to  
(Unknown)

Unknown to  
(Unknown)

**ESTIMATED NET EFFECT ON  
 LOCAL POLITICAL SUBDIVISIONS**

Unknown to  
(Unknown)

Unknown to  
(Unknown)

Unknown to  
(Unknown)

FISCAL IMPACT - Small Business

Small businesses could receive tax credit benefits by making contributions to an educational assistance organization.

### FISCAL DESCRIPTION

This proposed legislation modifies provisions relating to school operations. Among it's provisions, the proposal does the following:

#### §135.712-135.719 - PASSPORT SCHOLARSHIP PROGRAM

This portion of the proposal establishes the Passport Scholarship Program to grant scholarships to students from unaccredited districts to attend a qualified nonpublic elementary or secondary school. To be eligible for a scholarship, a student must reside in an unaccredited district.

Beginning in tax year 2012, a taxpayer may make a qualifying contribution to an approved or qualified educational assistance organization and claim a tax credit. The annual cumulative amount of tax credits is limited at \$40 million, which will be increased or decreased based on the Consumer Price Index for the Midwest. The tax credit is for sixty percent of the amount of the contribution, is nonrefundable and may be carried forward for four years.

An educational assistance organization that desires to participate or provide scholarships through the Passport Scholarship Program must meet certain requirements, including being a 501(c)(3) organization; providing a receipt to taxpayers for contributions; ensure that funds are used as specified in the act; distribute scholarship payments four times per year; provide the Department of Economic Development, upon request, with criminal background checks on all employees and board members; and demonstrate financial accountability and viability, as described in the proposal.

A qualified school is prohibited from accepting a scholarship check that exceeds its standard tuition and fees. If the scholarship amount is insufficient to cover the cost of tuition, a qualified school may charge the parent or guardian the difference between the cost of tuition and the amount of the scholarship.

The Joint Committee on Education (JCE) must conduct a study of the scholarship program. The JCE may contract with an outside researcher if assistance is needed and funds are available. The study must begin within five years of commencement of the program and must cover a period of five years.

DESCRIPTION (continued)

§160.402 - CHARTER SCHOOLS

This section allows an accredited school district, combination or a cooperative of school districts to sponsor or operate a charter school in or for an unaccredited school district, which may enroll resident students of any school district classified as unaccredited. Such a charter school is prohibited from contracting with the unaccredited district, employing any of the unaccredited district's teachers, or contracting with any teacher union. If the district is no longer unaccredited, the charter school may continue to operate. If the school district regains accreditation and the district or cooperative wishes to discontinue the school, it may solicit proposals for the continuation of the school, which will be presented for a vote of the parents or guardians of the students attending the school. Charter schools may enroll students from any unaccredited district.

In addition, the school board of an unaccredited or provisionally accredited district may close district schools and lease the school building to the governing board of a charter school that it sponsors. The school board of an accredited district may close a district school it deems to need improvement and may lease the school building to the governing board of a charter school that it sponsors.

When a charter school is sponsored by the local school board or a cooperative association, as described in the proposal, the State Board of Education will have the accountability and enforcement powers of a charter school sponsor under current law.

§163.021 RECEIPT OF STATE SCHOOL AID

As a condition of receiving state school aid, an unaccredited district must transfer any local effort moneys it receives from the county assessor and collector to the custody of the State Treasurer. The State Treasurer may collaborate with the State Board of Education and a clearinghouse, if one exists, to identify the tuition and transportation costs for students transferring out of the unaccredited district and the amount of moneys needed from the local effort moneys to pay the tuition and transportation. The State Board of Education will determine the extent to which the State Treasurer may disburse the funds, as described in the proposal.

In addition, a school district will not be eligible to receive state aid if it violates state school laws, except as described in the proposal.

DESCRIPTION (continued)

§162.081 - LAPSE OF A SCHOOL DISTRICT

This section removes the two-year waiting period that exists between the classification of a school district as unaccredited and the lapse of the district's corporate organization. Instead, when the State Board of Education classifies a district as unaccredited, it must review the governance of the district to establish the conditions under which the existing school board will continue to govern. The State Board must also determine the date on which the district will lapse and must determine an alternative governing structure for the district.

This section also changes the timing and purpose of the hearing that the Department of Elementary and Secondary Education must conduct. When a district is classified as unaccredited, the hearing must be regarding the accreditation status of the district.

§163.021 - RECEIPT OF STATE SCHOOL AID

As a condition of receiving state school aid, an unaccredited district must transfer any local effort moneys it receives from the county assessor and collector to the custody of the State Treasurer. The State Treasurer may collaborate with the State Board of Education and a clearinghouse, if one exists, to identify the tuition and transportation costs for students transferring out of the unaccredited district and the amount of moneys needed from the local effort moneys to pay the tuition and transportation. The State Board of Education will determine the extent to which the State Treasurer may disburse the funds, as described in the proposal.

§163.036 – WEIGHTED AVERAGE DAILY ATTENDANCE

If a school district is using the weighted average daily attendance for the preceding school year or second preceding school year, the Department of Elementary and Secondary Education must adjust it so that the district receives no aid for students who are receiving a Passport Scholarship.

§167.131 and 167.133- STUDENT TRANSFERS FROM AN UNACCREDITED DISTRICT

Currently, the school board of a school district that does not maintain an accredited school is required to pay the tuition and transportation of resident pupils who attend an accredited school in another district of the same or an adjoining county. This section applies to both unaccredited school districts and K-8 school districts that do not offer high school grades.

This proposal differentiates between a K-8 school district that does not offer high school grades and a school district classified as unaccredited by the State Board of Education. This proposal

DESCRIPTION (continued)

specifies that the school board of an unaccredited district must pay the tuition and transportation of resident pupils who attend an accredited school in another district of the same or an adjoining county. Any district that receives transfer students will not be required to include those student's scores on the statewide assessment in that district's scores for up to five years.

The rate of tuition to be charged is the lesser of the nonresident tuition established by each district, or in the absence of nonresident tuition, the lesser of the two districts' average expenditure per pupil for the most recently completed year for which data are available.

When the unaccredited district is either St. Louis or a district in St. Louis County, the tuition rate will be set at the amount used by any voluntary urban transfer program. The tuition amount will increase by the cost of living, as measured by the consumer price index. The tuition amount cannot exceed the lesser of the two districts' current expenditure per average daily attendance.

The residence district must also pay the cost of education in the receiving district for any student with an IEP accepted in the receiving district. The tuition payment will be facilitated and handled by the State Board of Education withholding the necessary amount of funds from the unaccredited district's state aid or the local effort moneys in the custody of the State Treasurer.

§167.403 - PROCEDURES WHEN A DISTRICT BECOMES UNACCREDITED

This section creates the Hinson Plan. If a school district, except for St. Louis or a district in St. Louis County, becomes unaccredited, surrounding accredited districts must divide up the territory of the district, annex it, and draw up new attendance boundaries. When an accredited district annexes a portion of an unaccredited district, it will not be considered a successor entity for the purposes of employment contracts, unemployment compensation, or any other purpose. In addition, the accredited district may have certain other powers and authorities, as described in the proposal.

§167.406 - CLEARINGHOUSE

This portion of the proposal requires the Department of Elementary and Secondary Education to create a clearinghouse, or appoint a neutral third party to serve as a clearinghouse, to assist students in the St. Louis City School District or any other unaccredited district in St. Louis County, to transfer to an accredited district, charter school, virtual school, or nonpublic school using a Passport Scholarship.

The clearinghouse must provide counselors to assist and advise parents and guardians on school

DESCRIPTION (continued)

options that are available and assist in preparation of applications. The expenses associated with the clearinghouse will be defrayed by the Department of Elementary and Secondary Education withholding funds, not to exceed five hundred dollars per pupil, from the unaccredited district's state school aid.

If a student ceases participation in the St. Louis area voluntary urban transfer program and transfers under §167.133, and if the state contribution for tuition and transportation is less under the §167.133 transfer, the difference between the two amounts must be transferred to the general revenue fund.

§177.088 - ADJUSTMENT OF FUNDS

This section repeals a requirement that certain payments made from any source by a school district that result in the transfer of the title of real property to the school district be deducted as an adjustment to the funds payable to the district under the school funding formula.

§177.250 - SHARING OF SERVICES AND INCREASING EFFICIENCIES ACT

Two or more school districts, charter schools, any public, private, or nonprofit entity, political subdivision, public institution of higher education, or private institution of higher education may cooperate and share resources to achieve efficiencies, become more cost-effective, reduce costs, and reduce and minimize duplicative operations, services, and purchasing.

The provisions of this proposed legislation are nonseverable and the proposal contains an emergency clause.

This proposal contains an emergency clause that applies to all of the proposal, except for the teacher tenure provisions and §177.088 and 177.250.

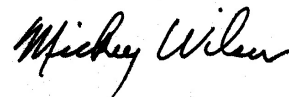
This proposal contains an effective date of July 1, 2012 for the teacher tenure provisions.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.



SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Department of Insurance, Financial Institutions and Professional Registration  
Joint Committee on Public Employee Retirement  
Missouri Senate  
Missouri House of Representatives  
Department of Social Services  
    Children's Division  
Office of Secretary of State  
    Administrative Rules Division  
Joint Committee on Education  
State Tax Commission  
Department of Public Safety  
    Missouri State Highway Patrol  
Kansas City Public School Retirement System  
Office of Administration  
    Division of Budget and Planning  
Department of Revenue  
    Division of Taxation  
Department of Economic Development  
Joint Committee on Administrative Rules  
School Districts  
    St Joseph  
    Mexico  
    Morgan County  
Charter School Sponsors  
    University of Missouri System  
    University of Central Missouri



Mickey Wilson, CPA  
Director  
April 2, 2012